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THE REPUBLICANS AND THE REPUBLIC

by Edna Lonigan

President Truman has recalled Congress to present a program including Government provision of housing, Government control of education, and Government management of the national income through price control and rationing.

The President really crossed the Rubicon to Socialism in his acceptance speech at Philadelphia, as HUMAN EVENTS pointed out in its issue of July 21. He there put himself at the head of a movement to set up a Welfare State on the European model, in which all power is centered in the hands of a few, and the masses are kept quiescent by subsidies from the public treasury.

The question now is whether the Republicans will openly oppose the President's radical departure from American principles, or whether they will temporize with the idea that the State can bring gifts, and merely promise to spend moderately and administer it all much better.

Under the two-party system, if one major party turns Socialist, as the Democrats have done, then political contests tend to become a race between the two parties in the direction of State dictatorship.

Yet the system of providing welfare through Government aid to certain classes is not a success; it is a total failure. It has been tried many times in many places, and it has always lowered the well-being of the nation which tried it. In the United States this system would destroy our Constitutional form of government, and substitute the Continental form of "democracy", in which embattled classes struggle to the death for control of an all-powerful government.

The Republican Party has not yet clearly revealed its position. Many Republican leaders do not understand the Constitutional issue any better than does President Truman. Others know that the peculiar slant of written and spoken discussion over the last sixteen years has badly fitted the voters to make intelligent choice. So there is real danger that we shall have no party to take a stand against the groups which are getting used to Government benefits. Then, like Europe, we shall have only a choice between two kinds of collectivism.

Liberalism in Europe did not die in battle. It was not treacherously stabbed in the back. It yielded to the vested interests which

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grew as government spending grew. If the Republicans are to defend this country against the loss of liberty through Government benefits, they must do better than any party in Europe was able to do.

II

A nation is a tremendous river of people, pushing and forcing its way through time. It can wear down the hardest granite of cruel circumstance, only to be dispersed in mud and swamps, if the current of its life slows down. That has happened to both Germany and Britain.

As industrialism spread in Germany, in the Nineteenth Century, it brought a movement for political liberalism. Germany was moving toward limited government, free trade and voluntary organization, on the then English model.

In the 1870's Bismarck adopted the German New Deal policy, making the State responsible for the industrial masses; protecting them against fear and want. The only price the masses seemingly had to pay was to protect the Hohenzollern dynasty against the liberal opposition, by voting the funds for a strong central government. This policy of State beneficience was really not new. It was in the direct line from the Great Elector. It was Prussian.

The impact of Bismarck's socialism on the mind of Western Europe was not in its divergence from German tradition, but in its direct challenge to England and the liberal tradition there. Here was a powerful industrial nation saying, for the first time: "We discard the theories of the British liberals; we laugh at the Manchester School. We will improve on their industrial capitalism but we despise their petty bourgeois political freedom."

With the introduction of State Socialism, German liberalism was finished. The Government gave "benefits" to labor, industry, farming, banks. Liberal arguments could not defeat these vested interests.

So the Germans had only a choice between two collectivist groups. One wanted the State controlled by the Imperial family, the other by the rising Labor oligarchy. But both agreed on State control of industry. labor, farming, banks. No political force was left to educate the people constantly in the idea that the State should not control or regulate economic life at all, that the citizens, through the free market, can best direct their own economic destiny.

III

English liberties were not lost in the election of 1945. They were not lost in either World War. The farther back we go, the clearer are the signs that the English were surrendering their liberties before

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Queen Victoria's Diamond Jubilee. By 1900, the astounding rate of growth in British economic wealth had begun to slow down, while the population curve continued upward. As an inevitable result, real wages declined, and the "social problem" reared its ugly head.

There were two kinds of economic doctors: those who believed in holding more firmly to free experiment as the creative force, when difficulties increased, and those who said, "Let us try the new medicine from Germany. The patient shows a quick improvement. Those who say the people will be permanently enervated can't prove it. If it doesn't work, we can always turn back."

In 1910, Britain adopted the German system of old-age and sickness insurance. By 1924, Britain was taking the lead in socialization, "insuring" workers against unemployment before the German Republic did. Lloyd George had transformed the Liberal Party into a middle-class Socialist party. It was, of course, the end of the liberals. The Labour Party could promise more.

No party in Britain stood for liberty first. There were many individual liberals, but there was no party constantly warning the people that government cannot give them benefits which they do not pay for themselves. Even before Lloyd George, we see the English gradually building a Government bureaucracy; we see the decline in enterprise and the growth of price-fixing. In colleges, graduates of German universities taught that "rights" were given by the State, and so the State could take them away.

A century ago, Cobden warned the English that they had only one more generation in which to reorganize themselves before American and Prussian industrial gains overtook them. He urged repeal of the corn laws, to buy time for Britain. But in the Sixties both America and Germany were distracted by war, and England thought she could hold her lead. When the crisis came, the English people turned to the State.

Liberalism was dead before Socialism took over. As the English turned to the philosophy of Statism, made glamorous by Prussian professors and generals, as government bureaus and cartels and other vested interests grew, the English lost their independence to the State.

IV

In the last sixteen years, we too have seen business, education, labor and local government in this country become accustomed to "gifts" from the Federal Government. Our danger is not from a dramatic abandonment of liberalism, but from a leaking away of principles, a little com-

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promise with this spending program and with that, until the Republican Party is as completely enmeshed in its commitments to mass supporters as were the New Dealers.

In such a race the ruthless always win, or as Hayek said, the worst get on top. The winners are those most skillful in finding benefits to attract new classes of supporters. Money is given first to the very poor, but soon farmers and labor are openly given premiums for supporting the party in power. As the government elite grows more skillful it devises benefits by which business men, investors, city and state governments, are inveigled into the net of the spending power, to give up their liberty in return for -- their own money.

The answer to political power built on spending is not to spend less, or to spend it more efficiently, as some Republicans sometimes assert. Any spending program must grow in the direction its nature prescribes -- increasing ruthlessness.

The only possible answer to the debauchery of the electorate is to stop all new giving, and to set a terminal date for every existing program beyond the bare minimum traditional for our Federal Government.

The Republicans have fought four campaigns against a Socialist government, but they have still to raise real opposition to the socialization of agriculture, the socialization of banking and the attempts to socialize housing, education and medicine.

The only way to fight the vested interests built up by a spending government is to organize all the people who have a vested interest in preserving freedom.

Farmers can give up their benefit checks -- if everyone else does. Colleges can give up their Federal tuition fees -- if spending is stopped and private gifts are available again. Investors can give up their "guaranteed" investments -- if the Government can no longer manipulate the money market. Banks need not depend on government banking business -- if competitive business is made free.

If the Republicans yield now to the appeal for spending, or lift a finger to attract mass support, we will have no choice but to travel down the road the Germans entered under Bismarck and the English entered under Lloyd George: the road to totalitarianism. It would be far better from every viewpoint for the Republicans to go down fighting for the principles of freedom, if they must, than to win a "glorious victory" by yielding to European Statism in the name of public welfare.

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Not Merely Gossip *A Supplement to* Human Events August 4, 1948

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By Frank C. Hanighen

Congressman Karl Stefan (Rep.) of Nebraska has just returned to Washington from a trip to Occupied Germany where he investigated German industrial production. A brief case filled with data on coal and steel bears witness to his diligence in this task. But the most precious thing he brought back is the memory of an episode which illuminated for him the contrast between the intelligent humanity of plain people and the stupid inhumanity of bureaucracy.

The story really commences, not in Germany, but in Mr. Stefan's own district out West. The town of Bloomfield, Nebraska, last year decided to "adopt" a German town; namely, Kamen in the Ruhr. Bloomfield charitably sent food, money and other gifts to Kamen. One generous individual, Mr. Claude Canaday, a wealthy farmer, gave all his crop receipts last year to the adopted town. In June of this year, when Mr. Stefan was about to leave for Europe, Mr. Canaday on behalf of Bloomfield sent Mr. Stefan a check for $1,000 to spend for the good of Kamen, and gave the Congressman carte blanche as to how the sum should be expended.

Accordingly, when the Congressman visited General Clay in Berlin, he asked the American commander for advice. General Clay urged him to spend the money on food and said, "A gift of food will do more good in establishing democracy and world peace than millions of dollars of recovery programs". So, Congressman Stefan and Mrs. Stefan (who accompanied her husband on the trip) went out, bought $1,000 worth of CARE food parcels and had them sent to Kamen.

When the parcels arrived, Kamen organized a ceremony to thank the Congressman and his wife personally. On July 10, 1948, Mr. and Mrs. Stefan arrived in the center of Kamen to find the streets around the City Hall crowded with people. Making their way into the building, they were greeted by Herr Rissel, the Mayor, who led them into the Council Chamber where the most important individuals of the town were gathered. There were also present children's singing societies, whose members rendered a song in English. And some little girls presented the Stefans with a book of views of the town. Mr. Stefan uttered a few words of acknowledgement. And Mrs. Stefan dabbed her eyes with a handkerchief.

Then Mayor Rissel made a speech. He expressed the gratitude of Kamen to the American people, to Congressman and Mrs. Stefan and to the town of Bloomfield, Nebraska, for the kind gift of food. Since the current ration of 1800 calories a day was hardly adequate, the CARE packages would help to enable Kamen's toilers to work harder. "If only" . . . Mayor Rissel hesitated. There was one thing he could not understand. The pride of Kamen was a plant which manufactured freight-car wheels. Now this equipment was badly needed not only to repair Germany's run-down transport system, but also for export -- to help pay for the imports of food. But, the Mayor sadly disclosed, the Occupation authorities of Bizonia had decreed that the wheel factory of Kamen must be dismantled, in accordance with the general policy of plant dismantlement. It was a shame, for then Kamen workers would lose jobs -- and therewith the chance to help pay for their food. Mayor Rissel ever so politely suggested that there was something wrong with this picture. And so did Congressman Stefan who had gone to Germany to find out how to increase German industrial production.

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The disintegration of the Administration's political position continues despite the claims of its supporters that Congress "does nothing about inflation". Mr. Marriner Eccles of the Federal Reserve Board has attacked the Truman anti-inflation

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York Times staff, in a survey of the repercussions of Israel's success (July 27) says: "The Russians have fairly well insured that chaos and unrest would exist for some years in the Middle East because of the permanent hostility of the Arab States to an independent Israel. This weakens the United States' strategic position. . . . Moscow has managed to some degree to neutralize the Middle East, an area formerly extremely hostile to her." Sulzberger also dwells on the following developments: (1) "Russia has made difficult the Marshall Plan by the blocking off of important petroleum resources"; (2) the popularity of Russia among Zionists, and the growth of Communist fellow traveller strength in Israel.

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President Truman attempted to garner votes from Wallace supporters by his order to enforce FEPC in the Government, including the armed services. But, the move seems destined to fail. The statement had hardly appeared before spokesmen for Negro groups scornfully remarked that "it has a hole as big as a barn door". Chief of Staff Bradley's remark that the Army will keep racial segregation as long as the nation does adds fuel to the flames. A. Philip Randolph, of the sleeping car porters union, assailed the President's order as ineffective and as an empty maneuver to obtain Negro votes. Randolph's words carry no little weight. He is not a Wallace supporter and his independent record has won him a large following.

Still another Truman attempt to exploit minority groups has proved abortive. He criticized the DP bill passed by the 80th Congress as "anti-Catholic". But apparently the Catholic Church in this country does not agree. Monsignor Swanstrom of the National Catholic Resettlement council issued a statement which said, "The displaced persons legislation is not discriminatory as far as Catholics are concerned. No leading Catholic authority or any official representative of the National Catholic Resettlement council has ever spoken of the measure as being anti-Catholic despite reports in the public press." John O'Donnell of the New York Daily News, who reported this statement, remarks, "And we may note, the only reports in the public press on this issue are the quotes from President Truman as he spoke in Convention Hall, July 15, last".

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It is superfluous to analyze the President's speech to Congress, save as a strictly political maneuver. However, if one grants for the sake of argument that he sincerely believes in the efficacy of his anti-inflation program, this may be said. The opening paragraphs of the address were no more than an impressionistic play on the phrase "high prices"; thus, "Families priced out of the market . . . prices squeezing the independent business man . . . industrial prices rising and rising fast", etc., etc. Then, abruptly, without any attempt to describe the causes of inflation or to plead the case for controls, he plunged in with, "We must attack inflation directly". The President might just as well have said: We must attack the symptoms rather than the causes. Senator Taft observed that the Presidential program would take at least six months to legislate and this offers additional proof that the speech was a political maneuver. Similarly one might remark: The fact that the President's speech writers did not even take the trouble to include arguments for controls shows that the address was inspired by the charts of political pollsters rather than the graphs of economists.

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Congressman Buffett's Analysis this week comes with special timeliness. It is reliably reported that Chairman Wolcott of the House Banking and Currency Committee returns to the Special Session with the idea that a counterproposal to Truman's

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anti-inflation demands should include some preliminary steps toward a return to the gold standard and that gold requirements for Federal Reserve currency should be raised. Chairman Wolcott, it is said, is considering these suggestions as part of an anti-inflation program which would also include the restriction of bank credit by using Federal Reserve powers, by limiting public spending and reducing exports.

Whatever Wolcott and Congress will do, there is undoubtedly a developing tendency to turn to currency measures not only on the domestic but also on the foreign front. For instance, it is known that Government councils are exploring the possibility of utilizing our gold reserve to bolster European currencies -- as a measure in the conflict with Soviet Russia. Meanwhile, Mr. Paul Hoffman on his recent visit to the Continent strove to persuade ECA recipients to co-operate in removing intra-European trade barriers, the most important of which is the currency muddle.

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The President's proposal for return of excess profits taxes will, of course, be rejected by Congress. Nevertheless the Democratic high tax policy as well as other governmental restrictions have worked their damage, as appears in a current report of the Machinery and Allied Products Institute. Last February MAPI's report, Technological Stagnation in Great Britain, not only explained much of Britain's economic decline but also served as a warning that the preliminary symptoms of the British disease have appeared in the United States, due to fiscal and other policies. This week, MAPI sharpens the ominous parallel by a study of the rise and fall of patent applications in the two countries. MAPI shows that patent applications rose steadily in Britain until about 1910, when a "levelling off or decline" commenced, concurrent with technological stagnation. There was little change over a period of thirty or forty years. In the United States, on the other hand, there was a marked upward trend from 1900 to 1930. The difference between the British and American graphs in this period cannot be explained by the growth of American population. "Between 1900 and 1930, the United States population rose about 61 per cent, yet patent applications increased 130 per cent."

The Thirties altered the picture in the United States. A down-turn commenced (after an all-time high in 1929) which, with the exception of one short up-turn in that latter part of the decade, continued into the Forties. After an abrupt, short-lived rise in 1944-45, there was another descent in 1946. "Since 1930", MAPI points out, "there has been about a 15 per cent increase in population in the United States and about a 15 per cent decline in patent applications. . . . Britain's decline in patents sealed was about 40 per cent between 1930 and 1946." MAPI goes on, "Over the long span patent applications in the past have risen and fallen roughly with business activity generally, except that there is always a sharp decline during war years, probably because would-be inventors are otherwise occupied. Had the historic pattern been followed the 1929 peak would have been surpassed before the war, and the post-war volume would be substantially higher than any previous peak. Such is not the case, by far."

There are various reasons advanced for this phenomenon. But MAPI concludes that most of these confirm rather than discredit patent applications as a measure of technological progress or decline, and lays emphasis on the following explanation: "A generation ago a business-minded mechanic or engineer with an idea could start a business based on his patent, and that has been the origin of thousands of American companies. Today such a man looks at taxes, government regulations, union labor problems and similar hazards, including the complexity of modern technology, and decides to remain an employee. In short, the incentive is largely gone for the small entrepreneur for whom the patent system has been most important." This picture indeed makes it necessary to talk about technological stagnation in the United States.

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Book Events

How to Predict Elections, by Louis H. Bean. New York: Alfred A. Knopf, Inc. $2.50. Reviewed by J. M. Lalley.

Mr. Bean, a statistician of the Department of Agriculture, is said to possess great luck or great skill at divining from small handfulls of data what the American voters will do on election day. In this book he purports to disclose the secrets of his art, which turns out to be less occult than might have been supposed. Put very simply, the basic principle is this: If you know, or can surmise with some accuracy, how the votes in a certain state will be divided between the parties, you have a reliable basis on which to reckon the division of the votes in the country at large. The normal ratio of the votes in a given state for a given party, to the national popular vote for the same party, can be calculated from an analysis of election returns over a period of, say, half a century. This ratio is more nearly constant, however, in some states than in others. In Illinois, for example, the normal Democratic per centum of votes has been from two to six points below the Democratic share of the popular vote from all states; but in the last four Presidential elections it has been only three or four points below, indicating an historical trend which must be taken into account. Thus, by adding three or four points to the percentage of Democratic ballots anticipated in Illinois, one may make an estimate of the national ratio.

The same principle may be applied with varying degrees of precision to almost any state outside the South. There is, says Mr. Bean, some truth after all in the old saying that as Maine goes the nation goes; the mid-September returns from that state are, therefore, of great barometric importance. The thing to watch for, as I gather, is not whether Maine goes Republican again, but whether the Democratic vote there is more or less than 35 per cent of the two-party total. The problem is, of course, considerably complicated when there is the factor of a third party, and still more so, no doubt, by the intrusion of a fourth party as is the case this year. The main question concerning third parties is from which of the traditional parties they will deflect the more votes, and in which states. Mr. Bean strives to show that nowadays third parties can affect the result only when the initial margin of advantage for one or the other of the two regular parties is relatively slight. From an analysis of Congressional elections, which are largely unaffected by third-party movements but have a fairly constant relation to the ebb and flow of party strength reflected in Presidential elections, he concludes that even had there been no Bull Moose party in 1912, Wilson would probably have been elected. Similarly, he believes that Coolidge could not have been defeated in 1924, even had the Republicans faced a united opposition. Yet, in 1944, a third party capable of drawing as much as eight per cent of the votes in a dozen or so important states would have sufficed to defeat Roosevelt, provided that not more than a third of its votes came from potentially Republican sources. Mr. Bean also finds that for all the apparent discrepancies there is a systematic relationship between the popular vote and the division of the Electoral College. He produces a tour de force of statistics to show that in a two-party election the Democrats must have at least 52 per cent of the popular vote to obtain the necessary minimum of 266 electoral votes. Thus in a close election the statistical advantage lies with the Republicans; but where the Democratic popular vote goes well above 52 per cent the candidate's majority in the College will be proportionately greater than his popular majority.

Mr. Bean ventures no predictions about the approaching elections. His book was finished early this year and he excuses himself on the ground that nothing can be determined by a judicious sampling among racial, religious and economic groups, especially in the decisive states. But his long-range predictions, which are based on an historical study of political tendencies show no such caution.

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